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be given. Nevertheless, we must remember that this, like all such devices, rather corrects changes than prevents fluctuations. The same is true of the tabular standard. A combination of the two would not yield a different result. No device of monetary standards can ever anticipate or prevent changes in the amount of the psychical element in the value of goods. Apart from theoretical considerations, however, the practical difficulties in the way of the adoption of Professor Fisher's scheme are at least as great as those in the way of the adoption of bimetallism or the tabular standard.

Certain minor criticisms of the book might be made. As already remarked, the definitions of the first chapter are open to question in some respects. While it is said that money must be "generally acceptable" no effort is made to define "generally"; a clear distinction is not made between the legal and social aspects of the appropriation of goods; and the distinction between wealth and property might be found fault with. Professor Fisher's difficulty with the concept of money is shown by his, probably unconscious, resort to the use of the term "real money."

A number of appendices, covering nearly 150 pages, give valuable information, clearly presented, on a variety of subjects touched on in the text, and also amplify in some respects some of the arguments. Attention might be directed particularly to the concept of the velocity of circulation and Professor Fisher's practical formula for calculating it. This is in substance the article which was printed in the *Journal of the Royal Statistical Society* a year or two ago, and summarized by the present writer in the *Publications of the American Statistical Association*, for March, 1910.

It is the unfortunate duty of the reviewer to point out what he thinks are defects of the book he reviews. While what has been said in the way of criticism might be added to in a considerable number of details, in spite of all, the book is an excellent treatment of the subject; is written in defence of a theory the abandonment of which has been incomprehensible to the writer, as Professor Fisher says it has been to him; and may fairly be called, on the whole, the most important American book of the year in the field of economics.

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Banking Reforms in the United States. By O. W. M. SPRAGUE.
(Cambridge: Harvard University. 1911. Pp. 176.)

Professor Sprague's closely reasoned and timely little volume is composed of four articles upon banking reform reprinted with slight alterations from the volumes of the *Quarterly Journal of Economics* for 1909 and 1910. After engaging in a thorough criticism of current plans for the establishment of a central bank of the "European type" in the United States, the author proceeds to develop his own positive program for the improvement of the banking system of this country. His recommendations primarily involve numerous well considered measures for the strengthening of the existing banking system in and for itself, and secondarily the addition of a central institution, not one of the European type, but one of more circumscribed scope.

The following principal modifications of the existing systems are advocated. The law should be changed to permit national banks to receive true savings deposits available for investment in real estate mortgages, to the end that the idle funds now deposited for much of the year with the New York banks should be reduced in volume. The present intermediate class of reserve banks—allowed to receive deposits from other banks to be counted as part of their reserves, and permitted themselves to redeposit half of their own reserves in the central reserve cities—should be abolished. This would serve further to reduce the concentration of cash in New York and diminish the strain on the New York banks in time of panic.

In our recent crises the New York banks have suspended while still in possession of more than four fifths of their legally required reserves. The 25 per cent reserve should cease to be held as a legal fetish. The author suggests that the banks be permitted to pay out their reserves to whatever extent they see fit, to run upon any deficiency of the reserve below the 25 per cent minimum, subject to a tax, sufficiently heavy to insure the presence of this legal reserve except in times of panic. At the same time bank managers should be brought to see that the proper policy for meeting panics is the freest possible expenditure of the reserve. Professor Sprague contends that whenever the banks resort to clearing house loan certificates they should be compelled by law to make use of the collateral device of "equalizing the reserves" (pages 101-116). A properly contrived central bank would however do away with the necessity of this reform, because advances by the central bank would take the place of clearing house loans.

The author's program includes the substitution of an asset cur-

rency for the present bond secured circulation. Elasticity in this currency could be expected only if certain other reforms accompany its adoption (page 135), and in any event this measure is by no means to be regarded as a cure-all for our ills. The chief advantage of this measure would be to open the way to the government to retire bonds as this might be required to enable it to reduce its treasury surpluses, or its surplusage of balance with the central bank. Means are suggested for making feasible the transition to an asset currency.

In his last chapter the author discusses the limitations in powers which should distinguish the American central bank from one of the European type. In a general way, our central bank should merely serve as a sort of national clearing house, keeping accounts with other banks only, and designed to make advances to them only in times of strain,—advances analogous to clearing house loans. The author's comprehensive and intimate knowledge of his subject is apparent in both his critical and constructive writing. Every specialist interested in the question of American banking reform will as a matter of course give this book careful consideration if he has not already examined the articles which compose it.

A. C. WHITAKER.

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A Rational Banking System: A Comprehensive Study of the Advantages of the Branch Bank System. By H. M. P. ECKARDT. (New York and London: Harper and Brothers. 1911. Pp. 329.)

The purpose of this book is to show the advantages of branch banking in general, and especially to urge the desirability of adopting the branch bank system in the United States as a means of reforming our banking system. Canada furnishes an example of the working of branch banking. A very thorough and detailed account of the Canadian system and its successful operation is combined with a discussion of the many weaknesses of the American system. From these premises the conclusion is reached that many, if not all of our banking evils might be abolished by the introduction of branch banking together with note issue based on general assets.

The author is well qualified for his task by long years of practical banking experience in Canada and by extended study which has